

26	<ul> <li>makes technical changes.</li> </ul>
27	Money Appropriated in this Bill:
28	This bill appropriates in fiscal year 2019:
29	<ul> <li>to the Utah Science Technology and Research Governing Authority Research</li> </ul>
30	Capacity Building various programs that are described in this bill:
31	• from the General Fund as an ongoing appropriation, (\$6,519,000); and
32	• from Beginning Nonlapsing Balances as a one-time appropriation, (\$4,908,900);
33	► to the General Fund Utah Science Technology and Research Governing Authority
34	General Fund:
35	• from nonlapsing balances Utah Science Technology and Research Governing
36	Authority as a one-time appropriation, \$4,908,900;
37	to the University of Utah Education and General:
38	• from the General Fund as an ongoing appropriation, \$2,000,000; and
39	• from the General Fund as a one-time appropriation, \$3,692,700;
40	to Utah State University Education and General:
41	<ul> <li>from the General Fund as an ongoing appropriation, \$1,000,000; and</li> </ul>
42	<ul> <li>from the General Fund as a one-time appropriation, \$658,900;</li> </ul>
43	to USTAR Administration various programs described in this bill:
44	• from the General Fund as an ongoing appropriation, (\$1,753,300); and
45	• from the General Fund as a one-time appropriation, \$1,753,300;
46	► To USTAR Support Programs various programs described in this bill:
47	• from the General Fund as an ongoing appropriation, (\$3,253,300); and
48	• from the General Fund as a one-time appropriation, \$3,253,300;
49	► To Governor's Office of Economic Development Business Development
50	Outreach and International Trade:
51	• from the General Fund as an ongoing appropriation, (\$2,598,900); and
52	• from the General Fund as a one-time appropriation, \$2,598,900; and
53	► To Utah Science Technology and Research Governing Authority Workforce
54	Development Restricted Account:
55	• from the General Fund as an ongoing appropriation, \$20,594,500; and
56	• from the General Fund as a one-time appropriation, (\$14,518,200).

57	Other Special Clauses:
58	None
59	<b>Utah Code Sections Affected:</b>
60	AMENDS:
61	63M-2-502, as enacted by Laws of Utah 2016, Chapter 240
62	63M-2-503, as enacted by Laws of Utah 2016, Chapter 240
63	63M-2-602, as enacted by Laws of Utah 2016, Chapter 240
64	63M-2-802, as last amended by Laws of Utah 2017, Chapter 18
65	63N-3-204, as renumbered and amended by Laws of Utah 2015, Chapter 283
66	ENACTS:
67	<b>53B-17-1101</b> , Utah Code Annotated 1953
68	<b>53B-17-1102</b> , Utah Code Annotated 1953
69	<b>53B-18-1501</b> , Utah Code Annotated 1953
70	<b>53B-18-1502</b> , Utah Code Annotated 1953
71	63M-2-901, Utah Code Annotated 1953
72	REPEALS:
73	63M-2-702, as enacted by Laws of Utah 2016, Chapter 240
74	63M-2-704, as enacted by Laws of Utah 2016, Chapter 240
75	63M-2-705, as enacted by Laws of Utah 2016, Chapter 240
76 77	Be it enacted by the Legislature of the state of Utah:
78	Section 1. Section <b>53B-17-1101</b> is enacted to read:
79	Part 11. USTAR Researchers
80	53B-17-1101. Definitions.
81	As used in this part:
82	(1) "Researcher" means an individual who:
83	(a) on May 8, 2018, is employed, alone or as part of a research team, by the university;
84	(b) before May 8, 2018, received funding from USTAR for some or all of the
85	researcher's startup costs or salary;
86	(c) was recruited to become a member of the university's faculty; and
87	(d) after May 8, 2018, receives an appropriation from the Legislature for some or all of

00	the researcher's startup costs of safary.
89	(2) "University" means the University of Utah.
90	(3) "USTAR" means the Utah Science Technology and Research Initiative created in
91	Section 63M-2-301.
92	Section 2. Section <b>53B-17-1102</b> is enacted to read:
93	53B-17-1102. Researcher reporting requirements.
94	(1) On or before September 1 each year, the university shall submit a written report to
95	the governor, the Legislature, and the Business, Economic Development, and Labor
96	Appropriations Subcommittee.
97	(2) A report under Subsection (1) shall contain information on:
98	(a) the amount and source of funding expended on a researcher's research program,
99	including:
100	(i) university funds and other state funds;
101	(ii) legislative appropriations;
102	(iii) federal funds;
103	(iv) philanthropic or nonprofit funds; and
104	(v) industry funds;
105	(b) a copy of each:
106	(i) technology disclosure that a researcher files with the university;
107	(ii) license agreement that the university enters into with respect to a technology
108	developed by a researcher, including any current, expired, or breached license; and
109	(iii) patent filed by the university based on technology developed by a researcher;
110	(c) publications in which a researcher participated, including a citation for each peer
111	reviewed publication;
112	(d) the number of researcher jobs maintained by a researcher's research program and
113	average wages paid to those holding those jobs;
114	(e) expenses paid by legislative appropriations for researchers, including:
115	(i) salary and benefits for a researcher or staff;
116	(ii) operational expenses;
117	(iii) capital equipment expenses; and
118	(iv) travel; and

119	(f) compensation, including salary and benefits, that a researcher received from a
120	publicly funded source other than legislative appropriations under this part.
121	Section 3. Section <b>53B-18-1501</b> is enacted to read:
122	Part 15. USTAR Researchers
123	53B-18-1501. Definitions.
124	As used in this part:
125	(1) "Researcher" means an individual who:
126	(a) on May 8, 2018, is employed, alone or as part of a research team, by the university;
127	(b) before May 8, 2018, received funding from USTAR for some or all of the
128	researcher's startup costs or salary;
129	(c) was recruited to become a member of the university's faculty; and
130	(d) after May 8, 2018, receives an appropriation from the Legislature for some or all of
131	the researcher's startup costs or salary.
132	(2) "University" means Utah State University.
133	(3) "USTAR" means the Utah Science Technology and Research Initiative created in
134	<u>Section 63M-2-301.</u>
135	Section 4. Section <b>53B-18-1502</b> is enacted to read:
136	53B-18-1502. Researcher reporting requirements.
137	(1) On or before September 1 each year, the university shall submit a written report to
138	the governor, the Legislature, and the Business, Economic Development, and Labor
139	Appropriations Subcommittee.
140	(2) A report under Subsection (1) shall contain information on:
141	(a) the amount and source of funding expended on a researcher's research program,
142	including:
143	(i) university funds and other state funds;
144	(ii) legislative appropriations;
145	(iii) federal funds;
146	(iv) philanthropic or nonprofit funds; and
147	(v) industry funds.
148	(b) a copy of each:
149	(i) technology disclosure that a researcher files with the university;

150	(ii) license agreement that the university enters into with respect to a technology
151	developed by a researcher, including any current, expired, or breached license; and
152	(iii) patent filed by the university based on technology developed by a researcher;
153	(c) publications in which a researcher participated, including a citation for each peer
154	reviewed publication;
155	(d) the number of researcher jobs maintained by a researcher's research program and
156	average wages paid to those holding those jobs;
157	(e) expenses paid by legislative appropriations for researchers, including:
158	(i) salary and benefits for a researcher or staff;
159	(ii) operational expenses;
160	(iii) capital equipment expenses; and
161	(iv) travel; and
162	(f) compensation, including salary and benefits, that a researcher received from a
163	publicly funded source other than legislative appropriations under this part.
164	Section 5. Section 63M-2-502 is amended to read:
165	63M-2-502. Principal researchers Agreement requirements Discontinuing
166	funding.
167	(1) Subject to Subsection (6) and legislative appropriation, the governing authority
168	shall:
169	(a) provide funding to help a research university honor its commitments to principal
170	researchers employed by the research university; and
171	(b) give priority to funding provided under Subsection (1)(a).
172	(2) The governing authority shall enter into a written agreement with a higher
173	education institution that employs a principal researcher:
174	(a) establishing performance standards and expectations for a principal researcher; and
175	(b) requiring the higher education institution to require a principal researcher to comply
176	with reporting requirements set forth in Section 63M-2-702.
177	(3) (a) A principal researcher may not be hired on or after May 10, 2016 without the
178	approval of the governing authority and the higher education institution.
179	(b) A higher education institution that enters into or renews an agreement with a
180	principal researcher on or after May 10, 2016 shall include in the agreement:

181	(i) a specific time period for the commitment of USTAR funding;
182	(ii) the amount of USTAR funding committed to the higher education institution for
183	the principal researcher, specifying the purpose of the funding;
184	(iii) an acknowledgment that the principal researcher understands and agrees to the
185	reporting requirements and performance standards under this chapter; and
186	(iv) the governing authority's written approval of the terms of the new or renewed
187	agreement.
188	(4) The governing authority may not allocate money to a higher education institution
189	for a principal researcher unless the higher education institution provides the reporting required
190	under Section 63M-2-702.
191	(5) The governing authority may discontinue allocating money to a higher education
192	institution for a principal researcher if the governing authority and the president of the higher
193	education institution employing the principal researcher agree in writing that:
194	(a) the principal researcher:
195	(i) fails to meet the performance standards and expectations established under
196	Subsection (2)(a);
197	(ii) receives a reasonable opportunity to remedy the failure to meet performance
198	standards and expectations; and
199	(iii) fails to remedy the failure to meet performance standards and expectations; and
200	(b) under the circumstances, discontinuing USTAR funding to the higher education
201	institution for the principal researcher is appropriate and justified.
202	(6) Beginning on May 8, 2018, USTAR may not provide funding to help a research
203	university honor its commitments to principal researchers employed by the research university.
204	Section 6. Section <b>63M-2-503</b> is amended to read:
205	63M-2-503. USTAR grant programs.
206	(1) [The] Subject to Subsection (6), the governing authority shall establish at least one
207	competitive grant program that:
208	(a) is designed to:
209	(i) address market gaps in technology development in the state; or
210	(ii) facilitate research and development of promising technologies;
211	(b) does not overlap with or duplicate other state funded programs; and

212	(c) others grants, on a competitive basis, to:
213	(i) researchers employed by higher education institutions;
214	(ii) private entities; or
215	(iii) partnerships between researchers employed by higher education institutions and
216	private entities.
217	(2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
218	governing authority shall make rules that describe, for each grant program:
219	(a) the purpose;
220	(b) eligibility criteria to receive a grant;
221	(c) how the governing authority determines which proposals receive grants;
222	(d) reporting requirements in accordance with Part 7, Reporting by Recipients of
223	USTAR Support; and
224	(e) other information the governing authority determines is necessary or appropriate.
225	(3) The governing authority:
226	(a) shall solicit proposals for each grant program; and
227	(b) may, subject to legislative appropriation and Subsection 63M-2-502(1)(b), award
228	grants for each program.
229	(4) In evaluating a grant proposal received in response to a solicitation under this
230	section, the governing authority shall consider, as applicable:
231	(a) the extent to which the planned research has the potential for commercialization;
232	(b) the market gap the technology or research fills; and
233	(c) other factors the governing authority determines are relevant, important, or
234	necessary.
235	(5) The governing authority shall require a recipient of a grant under this section, as a
236	condition of receiving a grant, to comply with the reporting requirements described in:
237	(a) Section 63M-2-702, for a USTAR researcher; or
238	(b) Section 63M-2-703, for a private entity or for a partnership between a USTAR
239	researcher and a private entity.
240	(6) Beginning on May 8, 2018, USTAR may not:
241	(a) establish any new grant programs; and
242	(b) enter into or renew any grant commitments or agreements with any persons

243	described in Subsection (1)(c).
244	Section 7. Section <b>63M-2-602</b> is amended to read:
245	63M-2-602. Lease agreement for a research building Requirements for lease
246	agreement.
247	(1) [The] Subject to Subsection (3), the governing authority shall enter into a written
248	lease agreement with a research university to lease to the research university a research
249	building constructed on the research university's campus.
250	(2) A lease agreement under Subsection (1) shall:
251	(a) require the research university to pay the ongoing operation and maintenance
252	expenses associated with the research building, including for any infrastructure in the research
253	building; and
254	(b) subject to the reporting requirements described in Section 63M-2-705, permit the
255	research university to use or rent space within the research building for research other than
256	research receiving USTAR support, including research by a private entity.
257	(3) (a) On or before October 1, 2018, the governing authority shall transfer ownership
258	and title of the:
259	(i) research building known as the James L. Sorenson Molecular Biotechnology
260	Building, USTAR Building, located at 36 South Wasatch Drive, Salt Lake City, to the
261	University of Utah; and
262	(ii) research building known as the USTAR BioInnovations Center located at 620
263	Grandview Drive, Providence, to Utah State University.
264	(b) The provisions of Subsections (1) and (2) are no longer in effect after the transfer of
265	ownership described in this Subsection (3) occurs.
266	Section 8. Section <b>63M-2-802</b> is amended to read:
267	63M-2-802. USTAR annual report.
268	(1) (a) On or before October 1 of each year, the governing authority shall submit, in
269	accordance with Section 68-3-14, an annual written report for the preceding fiscal year to:
270	(i) the Business, Economic Development, and Labor Appropriations Subcommittee;
271	(ii) the Economic Development and Workforce Services Interim Committee;
272	(iii) the Business and Labor Interim Committee; and
273	(iv) the governor.

274	(b) An annual report under Subsection (1)(a) is subject to modification as provided in
275	Subsection (5) after an audit described in Section 63M-2-803 is released.
276	(2) An annual report described in Subsection (1) shall include:
277	(a) information reported to the governing authority[:(i) by an institution of higher
278	education under Section 63M-2-702; (ii)] through the survey described in Section 63M-2-703;
279	[ <del>and</del> ]
280	[(iii) by a research university, under Section 63M-2-705;]
281	(b) a clear description of the methodology used to arrive at any information in the
282	report that is based on an estimate;
283	(c) starting with fiscal year 2017 data as a baseline, data from previous years for
284	comparison with the annual data reported under this Subsection (2);
285	(d) relevant federal and state statutory references and requirements;
286	(e) contact information for the executive director;
287	(f) other information determined by the governing authority that promotes
288	accountability and transparency; and
289	(g) the written economic development objectives required under Subsection
290	63M-2-302(1)(e) and a description of progress or challenges in meeting the objectives.
291	(3) The governing authority shall design the annual report to provide clear, accurate,
292	and accessible information to the public, the governor, and the Legislature.
293	(4) The governing authority shall:
294	(a) submit the annual report in accordance with Section 68-3-14; and
295	(b) place a link to the annual report and previous annual reports on USTAR's website.
296	(5) Following the completion of an annual audit described in Section 63M-2-803, the
297	governing authority shall:
298	(a) publicly issue a revised annual report that:
299	(i) addresses the audit;
300	(ii) responds to audit findings; and
301	(iii) incorporates any revisions to the annual report based on audit findings;
302	(b) publish the revised annual report on USTAR's website, with a link to the audit; and
303	(c) submit, in accordance with Section 68-3-14, written notification of any revisions of
304	the annual report to:

305	(i) the Business, Economic Development, and Labor Appropriations Subcommittee;
306	(ii) the Economic Development and Workforce Services Interim Committee;
307	(iii) the Business and Labor Interim Committee; and
308	(iv) the governor.
309	(6) In addition to the annual written report described in this section, the governing
310	authority shall:
311	(a) provide information and progress reports to a legislative committee upon request;
312	and
313	(b) on or before [October 1, 2019] August 1, 2018, and every five years after [October
314	1, 2019, include with the annual report described in this section] August 1, 2018, provide to the
315	same entities that receive the annual report described in Subsection (1)(a) a written analysis and
316	recommendations concerning the usefulness of the information required in the annual report
317	and USTAR's ongoing effectiveness, including whether:
318	(i) the reporting requirements are effective at measuring USTAR's performance;
319	(ii) the reporting requirements should be modified; [and]
320	(iii) USTAR is beneficial to the state and should continue[-]; and
321	(iv) whether programs in other agencies could provide similar benefits to the state
322	more effectively or at a lower cost.
323	Section 9. Section <b>63M-2-901</b> is enacted to read:
324	Part 9. Workforce Development Restricted Account
325	63M-2-901. Workforce Development Restricted Account.
326	(1) There is created a restricted account within the General Fund known as the
327	Workforce Development Restricted Account.
328	(2) The restricted account shall be administered by the governing authority to provide
329	<u>funding for:</u>
330	(a) economic development in the state;
331	(b) workforce development in the state;
332	(c) the support of scientific and technical innovation and entrepreneurship in the state;
333	<u>and</u>
334	(d) the programs and duties of the governing authority in accordance with this chapter.
335	(3) The state treasurer shall invest the money in the restricted account according to the

336	procedures and requirements of 11tle 51, Chapter /, State Money Management Act, except that
337	interest and other earnings derived from the restricted account shall be deposited into the
338	restricted account.
339	(4) The restricted account shall be funded by appropriations made to the account by the
340	<u>Legislature.</u>
341	(5) Subject to appropriation and direction from the Legislature, the governing authority
342	may use account money in accordance with this chapter.
343	(6) The governing authority shall submit as part of the annual report described in
344	Section 63M-2-802 a complete accounting of the use of money from the account.
345	Section 10. Section <b>63N-3-204</b> is amended to read:
346	63N-3-204. Administration Grants and loans.
347	(1) The office shall administer this part.
348	(2) (a) (i) [The] Subject to Subsection (6), the office may award Technology
349	Commercialization and Innovation Program grants or issue loans under this part to an applicant
350	that is:
351	(A) an institution of higher education;
352	(B) a licensee; or
353	(C) a small business.
354	(ii) If loans are issued under Subsection (2)(a)(i), the Division of Finance may set up a
355	fund or account as necessary for the proper accounting of the loans.
356	(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
357	office shall make rules for a process to determine whether an institution of higher education
358	that receives a grant under this part must return the grant proceeds or a portion of the grant
359	proceeds if the technology that is developed with the grant proceeds is licensed to a licensee
360	that:
361	(i) does not maintain a manufacturing or service location in the state from which the
362	licensee or a sublicensee exploits the technology; or
363	(ii) initially maintains a manufacturing or service location in the state from which the
364	licensee or a sublicensee exploits the technology, but within five years after issuance of the
365	license the licensee or sublicensee transfers the manufacturing or service location for the
366	technology to a location out of the state.

- (c) A repayment by an institution of higher education of grant proceeds or a portion of the grant proceeds may only come from the proceeds of the license established between the licensee and the institution of higher education.
- (d) (i) An applicant that is a licensee or small business that receives a grant under this part shall return the grant proceeds or a portion of the grant proceeds to the office if the applicant:
- (A) does not maintain a manufacturing or service location in the state from which the applicant exploits the technology; or
- (B) initially maintains a manufacturing or service location in the state from which the applicant exploits the technology, but within five years after issuance of the grant, the applicant transfers the manufacturing or service location for the technology to an out-of-state location.
- (ii) A repayment by an applicant shall be prorated based on the number of full years the applicant operated in the state from the date of the awarded grant.
- (iii) A repayment by a licensee that receives a grant may only come from the proceeds of the license to that licensee.
  - (3) (a) Funding allocations shall be made by the office with the advice of the board.
  - (b) Each proposal shall receive the best available outside review.
- (4) (a) In considering each proposal, the office shall weigh technical merit, the level of matching funds from private and federal sources, and the potential for job creation and economic development.
- (b) Proposals or consortia that combine and coordinate related research at two or more institutions of higher education shall be encouraged.
- (5) The office shall review the activities and progress of grant recipients on a regular basis and, as part of the office's annual written report described in Section 63N-1-301, report on the accomplishments and direction of the Technology Commercialization and Innovation Program.
- (6) Beginning on May 8, 2018, the office may not enter into or renew any grant commitments or agreements or issue any new loans under this part.
- (7) (a) On or before August 1, 2018, the office shall provide a written analysis and recommendations concerning the usefulness of the Technology Commercialization and Innovation Program described in this part, including whether:

398	(i) the program is beneficial to the state and should continue; and
399	(ii) other office programs or programs in other agencies could provide similar benefits
400	to the state more effectively or at a lower cost.
401	(b) The written analysis and recommendations described in this Subsection (7) shall be
402	provided to:
403	(i) the Business, Economic Development, and Labor Appropriations Subcommittee;
404	(ii) the Economic Development and Workforce Services Interim Committee;
405	(iii) the Business and Labor Interim Committee; and
406	(iv) the governor.
407	Section 11. Repealer.
408	This bill repeals:
409	Section 63M-2-702, Reporting requirements for higher education institutions.
410	Section 63M-2-704, Reporting on licensed or acquired intellectual property.
411	Section 63M-2-705, Reporting on use of research buildings.
412	Section 12. Appropriation.
413	The following sums of money are appropriated for the fiscal year beginning July 1,
414	2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
415	fiscal year 2019. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
416	Act, the Legislature appropriates the following sums of money from the funds or accounts
417	indicated for the use and support of the government of the state of Utah.
418	<u>ITEM 1</u>
419	To Utah Science Technology and Research Governing Authority
420	Research Capacity Building
421	From General Fund (\$6,519,000)
422	From Beginning Nonlapsing Balances, One-time (\$4,908,900)
423	Schedule of Programs:
424	U of U Legacy Salary \$4,200,000
425	U of U Legacy Support \$120,000
426	U of U Start Up, Carry Over,
427	Commercialization \$1,369,000
428	USU Legacy Salary \$775,000

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429	USU Legacy Support	<u>\$305,000</u>	
430	USU Start Up, Carry Over,		
431	Commercialization	<u>\$4,658,900</u>	
432	ITEM 2		
433	To General Fund		
434	From Nonlapsing Balances - Utah Science Techno	ology and Research	
435	Governing Authority, One-time	<u>\$4,908,900</u>	
436	Schedule of Programs:		
437	General Fund, One-time	<u>\$4,908,900</u>	
438	ITEM 3		
439	To University of Utah - Education and General		
440	From General Fund	\$2,000,000	
441	From General Fund, One-time	\$1,692,700	
442	Schedule of Programs:		
443	Education and General	<u>\$3,692,700</u>	
444	ITEM 4		
445	To Utah State University - Education and General		
446	From General Fund	\$1,000,000	
447	From General Fund, One-time	<u>\$658,900</u>	
448	Schedule of Programs:		
449	Education and General	<u>\$1,658,900</u>	
450	ITEM 5		
451	To USTAR - Administration		
452	From General Fund	(\$1,753,300)	
453	From General Fund, One-time	\$1,753,300	
454	Schedule of Programs:		
455	Administration	<u>\$0</u>	
456	Project Management & Compliance	<u>\$0</u>	
457	ITEM 6		
458	To USTAR - Grant Programs		
459	From General Fund	(\$9,220,000)	

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460	From General Fund, One-time		\$9,220,000
461	Schedule of Programs:		
462	Energy Research Triangle	<u>\$0</u>	
463	Industry Partnership Program	<u>\$0</u>	
464	Science and Technology Initiation Grant	<u>\$0</u>	
465	Technology Acceleration Program	<u>\$0</u>	
466	University Technology acceleration Grant	<u>\$0</u>	
467	ITEM 7		
468	To USTAR - Support Programs		
469	From General Fund		(\$3,253,300)
470	From General Fund, One-time		\$3,253,300
471	Schedule of Programs:		
472	<u>Incubation Programs</u>	<u>\$0</u>	
473	Regional Outreach	<u>\$0</u>	
474	SBIR/STTR Assistance Center	<u>\$0</u>	
475	ITEM 8		
476	To Governor's Office of Economic Development - Busines	ss Development	
477	From General Fund		(\$2,598,900)
478	From General Fund, One-time		<u>\$2,598,900</u>
479	Schedule of Programs:		
480	Outreach and International Trade	<u>\$0</u>	
481	ITEM 9		
482	To Utah Science Technology and Research Governing Aut	thority	
483	Workforce Development Restricted Account		
484	From General Fund		\$20,594,500
485	From General Fund, One-time		<u>(\$14,518,200)</u>
486	Schedule of Programs:		
487	Workforce Development Restricted		
488	Account	\$6,076,300	